4:Grajdanzev--134-136 S-4 (no date) 1942 Formosans-1-5
116, 434, 565, 651, 177.65 Japan
636.65

"Taxes may be of different types--some falling chiefly on the rich, whose ability to pay is, of course, greater than that of the average farmer. We do not have necessary information for a detailed analysis of how the tax burden is distributed between these two groups, but what is available gives clear indications. We have divided the taxes into two groups: (a) taxes on the recipients of large incomes; (b) taxes on the masses.

Taxation and Net Monopoly Receipts in 1,000 Yen

A. Taxes on the recipients of high incomes:

	1935	1936	1937	1938	1939
		settled accounts		budget	budget estimates
Income Tax	3,873	5,285	9,538	13,024	12,395
Tax on capital		5	189	352	855
Mining Tax	200	203	291	353	327
Special profit tax	1,016	1,575	2,761	4,979	2,444
Tax on distribution of dividends		335	425	394	850
Inheritance tax			105	279	305
Total	5,089	7,403	13,309	19,381	17,176

B. Taxes on the masses of the population:

	1935	1936	1937	1938	1939
	settled accounts			budget	budget estimates
Land tax	7,492	7,742	7,938	8,342	8,342
House tax					1,312
Business tax a)			2,931	3,290	2,726
Tax on sugar	3,320	3,461	4,050	6,702	5,215
Tax on alcohol b)	3,698	3,845	2,913	169	100
Taxes on other commodities	2	177	275	393	826
Customs duties and other duties connected with them	2,611	3,326	2,574	1,846	1,817
Stamp duty	5,107	7,271	7,220	7,653	5,926
Monopolies, net receipts	24,555	28,968	29,652	32,845	32,568
Net profits from text-book sales c)	103	29	75	74	24

[135]

	1935	1936	1937	1938	1939
	settled accounts			budget	budget estimates
Profit on weights and measures d)	179	209	206	331	341
Fines and confiscations e)	1,091	529	224	362	224
Tax on railway fares				205	202
Admission ticket tax				116	124
Tax on construction					152
Amusement tax					188
Other taxes	731 f)	1,213 f)	1,200 f)	164	907
Total	48,889	56,770	59,258	62,492	60,994
The same as percentages of total					
Group A.	9.4	11.5	18.3	23.6	22.0
	90.6	88.5	81.7	76.4	78.0

a) We include business taxes in this group because it is legitimate to suppose that they are shifted by the business men to the population.

b) The fall of receipts from the tax on alcohol in the last two years is due to the introduction of a state alcohol monopoly.

c) Formally this is not a tax, but a surplus remaining after deduction of expenditures on printing of textbooks from receipts. However, state profits derived from the sale of textbooks to school pupils hardly can be considered otherwise than a tax.

d) As in the preceding item this represents a surplus from a form of fiscal monopoly.

e) Formally fines and confiscations are not taxes. But their regularity (they are foreseen in the budget) and their amounts show they are not 'casual' receipts. They fall, mainly, on the Chinese population.

f) Chiefly receipts from the taxation of surplus issues of Bank of Taiwan notes.

From this table it may be seen that about 80 to 90 percent of the taxes fall on the masses of the population and only 10 to 20 percent on the wealthier groups. The percentage of taxes contributed by the well-to-do rose from 9.4 in 1935 to 22.0 in 1939, but it would be a mistake to suppose that this implies a change of policy: the exigencies of wartime and the already oppressive burden of taxes on the masses make it more and more difficult to increase that burden. Under these conditions, heavier taxation of the rich is a necessity, but the government prefers to borrow from them, not to tax them: the loans amounted to six million yen in 1939 and are expected to amount to 17 million yen in 1941.

The actual tax-burden on the masses as compared with the wealthy is considerably

greater if we include provincial and [136] local taxes. We have no data on the exact distribution of local taxes, but provincial taxes can be measured. Provincial taxes are surtaxes, calculated as a percentage of the corresponding government-general taxes. Their rates are as follows:

Surtax on income tax	18%	of income tax
Surtax on land tax	90-100%	of land tax
Surtax on business tax	70-80%	of business tax
Surtax on house tax	120-150%	of house tax

These rates show that surtax on income tax (which falls chiefly on the recipients of high incomes) is only 18%, while surtaxes on taxes falling on the masses of population range from 70 to 150%."

4:Grajdanzev--155 S-4 (no date) 1942 Formosans
116, 434, 556, 177.43 Japan
636.43

"The amount of profits collected [by the Japanese--analyst] may be calculated more or less precisely. We know that the exports from Taiwan are greater than the imports into the island and there can be only one explanation: considerable real wealth is transferred from Taiwan to Japan each year, wealth which represents the profits and savings of the Japanese in Taiwan."

15: U. S. Navy –27 [8] (no date) 1944 Formosans
116, 434, 511, 556

"The restrictions and rationing of food, clothing and fuel which have gone into effect throughout the empire, are felt more keenly by the Japanese because of their higher standard of living. A number of essential articles were unobtainable or only occasionally obtainable late in 1940 at Taihoku."

15: U.S. Navy--27 [9] (no date) 1944 Formosans
116, 241, 433, 434, 177.43 Japanese
636.43

"Food is plentiful, but is subject to requisition by the Army. The farming population is able to raise a substantial amount of the food it consumes, but the Japanese frequently order the restriction of plots planted to these crops in order that more space may be devoted to a crop (castor oil beans for instance) required by the military. In 1940 the official daily ration of rice permitted to farmers in Taihoku Province was only 0.60-0.75 pounds, or 2-2.1/2 go per person. This is well below the usual consumption and has been the cause of bitter discontent and resistance."

463 sell towels, shirts, soap, food, etc., at roadside stands. Household industries such as cake baking, handicrafts, etc., are also very common. Truck-hopping is an entirely new occupation in Formosa. The truck-hoppers are young and husky persons who hop on the moving trucks and start bargaining for unloading jobs as soon as the trucks reach their places of unloading.

IV. WAGE LEVELS AND WORKING CONDITIONS

465 The Wage Level. Government statistics shows improvement of the wage level in recent 434 years. During the years 1949-52, the index of wages and salaries rose faster than the retail price index:

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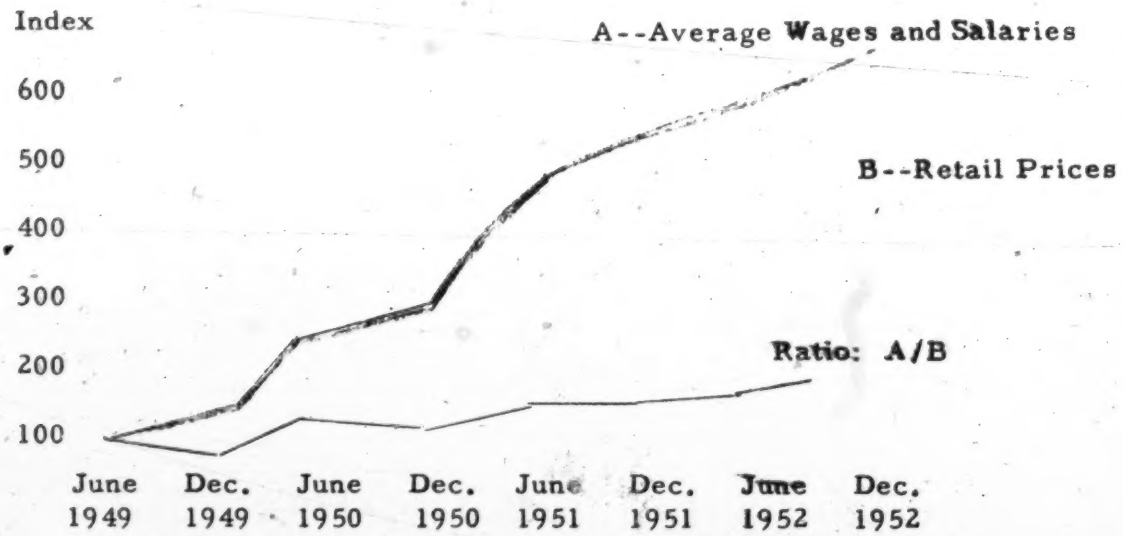
Trend of Wages and Retail Prices --1949-52
Indexes (June 1949 = 100)



Source: Plotted from Appendix II, The Structure of the Taiwan Economy by Taiwan Provincial Government

45:Stanford U. S-4, 5 1956 ADI Formosa
HD2

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434 The average income of 1,383 sample households in the month of June 1953 in urban areas was estimated at NT $585,[22] while that of the average laborer's household was estimated at NT $400. The estimated average gross income in 1952 and 1953 for the households surveyed may be seen in the following table:

YEARLY GROSS INCOME OF 1,383 HOUSEHOLDS (in NT $)

	1952	1953
Total Average	5,684	7,722
Employers	27,252	27,271
Self-employed	6,482	9,206
Laborers	3,826	5,148
Professionals	6,974	11,208
Civil Servants	4,203	9,174
All Others	5,481	7,128

* A. F. Raper and others, op. cit.

22. A. F. Raper and others, op. cit.; this amount is a little less than US $40 at the foreign exchange rate of NT $15.65 to US $1.

465 Roughly 85 per cent of the gross receipts of
•434 the laborers and self-employed are in cash, and 15 per cent in other allowances and payment in kind. For the civil servants, only about one-half is in cash. Payment in kind consists of rice, edible oil, salt, and charcoal. For instance, there is a monthly allowance of 66 pounds of rice to each laborer and each adult family member living with him, as well as one-half of that amount to each child under 10 years of age. The total rice allowance for each labor household, however, is restricted to 224 pounds per month.

511 The relatively low standard of living of the laborers is reflected by the pattern of household expenditures, of which food expenditure comprises the major portion. A breakdown of expenditures in 1952 for the 1,383 households surveyed is shown in the table below:

45:Stanford U. S-4, 51956 AD1 Formosa
~~AD1~~
AD1

727 to 86,000 metric tons in 1945-46. The
433 Formosan farmer was faced with the "worst prospect in living memory," as one observer remarked.[8]

434 In spite of the seriousness of economic
178 conditions on Formosa, the Chinese government was able to make only limited progress in reconstruction following the restoration of the island to Chinese control. For one thing, the Nationalist Government was involved in a costly war with the Communists and faced with a huge rehabilitation program on the Mainland. Furthermore, without a surplus of exportable goods, China could not obtain the foreign exchange necessary to re-equip the damaged plants and restore agricultural production on Formosa. The island's economy continued to deteriorate until 1949, when Mainland China was overrun by the Communists and the National Government was withdrawn to Formosa.

458 The sudden influx of over one million
185 mainlanders and half a million soldiers further strained the resources of the island. Inflation was running wild and food was short. However, the removal of the national government to Formosa was not without benefit to the island.

8. H. Maclear Bates, Report from Formosa, New York, Dutton, 1952, p. 117.

45:Stanford U. S-4, 5 1956 AD1 Formosa
~~AD1~~ AD1

Annex "A," Subparagraph 3a,
Economic Background

AGRICULTURE

I. INTRODUCTION

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Formosa's economy is predominantly agricultural. Household registration in 1950 indicates that of a gainfully employed male population of 2.1 million, roughly 57 per cent were farmers.[1] The Taiwan Agricultural Yearbook reports that about 52 per cent of the total population in 1953 were directly dependent on agriculture for a living.[2] Approximately 49 per cent of the total national income in 1951 was derived from agriculture.[3]

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1. George W. Barclay, A Report on Taiwan's Population, Princeton, Princeton University Press, 1954, p. 59.

2. Provincial Government of Taiwan, Taiwan Agricultural Yearbook, 1954, Taipei, 1954, p. 1.

3. Industrial Development Commission, Economic Stabilization Board, Industry of Free China, November 1954, Vol. 2, No. 5, Taipei, p. 7. Agriculture is defined to mean all productive activities involved in farming, livestock-raising, forestry, and fisheries.

[162]
241 The importance of agriculture to the national
434 economy is made more obvious by the fact that a large percentage of Formosan industries involve the processing and transporting of agricultural commodities. Agriculture products also provide an important source of foreign exchange for the island. In 1953, total
[139] exports amounted to approximately US$130,000,000, of which over 90 per cent was derived from the export of agricultural products.

241 The climate in Formosa is eminently suitable for agricultural production. The tropical and sub-tropical atmosphere and abundant rainfall in most parts of the island encourage the cultivation of rice, sweet potatoes, sugar cane, tea, bananas, and vegetables. Rice cultivation is carried on in all parts of the island; sugar cane, sweet potatoes, and peanut are grown in the central and southern sections; tea is cultivated in the northern districts.

648 During the Japanese occupation of
241 Formosa, the policy of economic development was geared to the economic needs of the Japanese Empire. When a shortage of rice was felt in Japan, rice was produced in

45:Stanford U. S-4, 5 1956 AD1 Formosa
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Annex "A," Subparagraph 3e,
Economic Background

TRADE

I. DOMESTIC TRADE

438 The most recent complete estimate
~~434~~ of Formosa's national income reveals that, in 1951, domestic trade, including wholesaling and retailing, contributed a little more than 11 per cent to the gross national product.[1] This percentage, however, does not include production in terms of storage and transportation related to wholesaling and retailing. If this fact is taken into consideration, it would appear that domestic trade occupies a more important position in the formation of the national income than the statistical figure indicates. As of 1953, about 8.5 per cent of the total working population of 2.9 million were engaged in domestic trade.[2] Popular

1. Industrial Development Commission, Industry of Free China, Vol. II, No. 5, Nov. 1954, p. 6. Many wholesaler may be engaged in foreign trade and other activities, but detailed classification is not available. Therefore the figure here is an approximate indication.

2. China News Press, China Annual 1954, Vol. 3, p. 77. For detailed breakdown, see the chapter on Population in this handbook.

438 belief has been, particularly in the postwar
434 years, that in Formosa more opportunities for money-making exist in trade and enterprise than in other fields.

A. Channels of Trade

438 The marketing system of Formosa is in
656 part free and in part controlled. Certain commodities are strictly in the hands of the government as far as production and distribution are concerned. Prices of some commodities
[435] are regulated and the movement of other commodities is controlled by the government. Some commodities are controlled in their production phase and some in their distribution phase. Since it is difficult to describe the marketing system in general terms, the process as it applies to a few typical commodities will be discussed.

Rice: To effect control on movements of rice, the Provincial Food Bureau has established seven food districts on the island - Taipei, Hsinchu, Taichung, Tainan, Kaohsiung, East Taiwan, and Penghu - designating each as either "surplus," "self-sufficient," or "deficient." Only the Taipei and Penghu districts are considered deficient areas. Taichung, Hsinchu, Kaohsiung, and Tianan are surplus districts. The regional movement of rice is determined at the discretion of the Provincial

52:Steiner S-4 (no date)1951
AF1 China
FORMOSA AD 1

427 acres) as a measuring stick for rental calculation. It varies with the fertility of land in different sections of Taiwan. To prepare the farmers for the acceptance of the program, 9,937 persons were sent to the rural areas in 1949 to acquaint them with the operational details. They were followed by 1,257 trained persons who helped farmers to readjust their rental contracts. By November 1949, 306,473 families were given "37.5-contracts" in conformity with the program. Finally, 26 provincial inspectors toured the island to check the results. ● 434 The income of the tenant farmers was estimated to have registered an average gain of 30 per cent, ranging from 0.9 per cent to as high as 70 per cent in comparison with the pre-reform period.[31]

653 Pertinent to rural rehabilitation are the public works being done in dike repair and construction, irrigation, and land reclamation. Briefly, from 1947 to 1950, some 10,983 meters of new dikes were built, in addition to 65,288 meters repaired. Since 1946 a yearly average of 9,972 hectares of land has been brought under irrigation, in comparison to an average of 9,428 hectares under the Japanese.[32]

433 A review of statistics also shows varying degrees of gains in agricultural production.[33] For instance, for 1950 the

NT$1,432,000,000 (*Taiwan Today*, cited note 11 *supra*, pp. 59–61).

[31] For statistical data on the rent reduction program, see Land Bureau, Taiwan Provincial Government, *37.5 Rent Reduction Program** (Taipeh, 1949), pp. 1, 19, 34; *Taiwan Today*, cited note 11 *supra*, p. 90; *Taiwan Reconstruction**, cited note 12 *supra*, Vol. 2, p. 383; Vol. 1, p. 25.

[32] *Taiwan Reconstruction**, cited note 12 *supra*, Vol. 1, pp. 227–28, also for comprehensive data, pp. 227–43. For a general descriptive and statistical presentation of the subject, see Taiwan Provincial Government, *Water Conservancy and Irrigation**, Taipeh, 1949; also *Reclamation of Waste-land**, Taipeh, 1949.

[33] For detailed statistical data on agricultural production, see Taiwan Provincial Gov-

[P. 218 (B)]